

Housing Rehabilitation Program Questions & Answers

Q. What is the Housing Rehab Program?

A. Each year the City of Gardner allocates part of its Community Development Block Grant (CDBG) award to the Housing Rehab Program. The Program assists eligible property owners repair sanitary code violations in their residential property. The purpose of the Program is to improve living conditions for low and moderate income households, encourage investment in existing housing, and increase the supply of affordable, code compliant housing.

Q. Who is eligible?

A. To receive Program assistance, both property owners and their property must meet eligibility requirements. *For the property to be eligible*, the majority of households in a residential property must meet federal income guidelines. We determine this by surveying the residents and verifying their incomes. The majority of units in a multi-unit building must qualify. Vacant units automatically qualify, provided an eligible household will occupy them after the repairs are completed. The property must be a year round, permanent residence that contains less than 7 dwelling units. The property must be insured. The *property owner(s)* must be current on their municipal taxes and charges, and their mortgage. The owner must agree to be bound by Program regulations and guidelines.

Q. What kind of assistance can I receive?

A. The Program provides staff services and financial assistance to eligible property owners. *Staff services* includes evaluating the conditions of the property, determining the necessary repairs, developing a cost estimate, help soliciting a qualified contractor, providing contract documents, supervising repair work, and managing contractor payments. *Financial assistance* is provided as forgivable loans for approved repairs. Provided the owner faithfully observes the loan conditions, the loan is forgiven at maturity.

Q. How much assistance is available?

A. The program can provide loans up to \$30,000 per dwelling unit for approved repairs. The amount of your loan will depend on the actual contract price and whether you have to contribute to the project costs. The average is \$9,000.

Q. Do I have to repay the loan?

A. Provided the owner observes the conditions of the loan they do not have to repay the loan. If an owner breaches these conditions the owner must repay the loan. The city can take legal action to collect the loan, including foreclosing on the property. If the owner wishes to be released from their loan obligations they may repay the loan before the maturity date.

Q. What are the loan conditions?

A. Currently, all loans are for fifteen (15) years at a 0% interest rate. No loan payment is required unless the owner defaults. Owners execute a loan agreement, promissory note and mortgage for the loan. In return for the loan, owners promise to faithfully perform certain loan conditions. These conditions include keeping the property insured; paying municipal taxes and charges on time; maintaining the property; paying other mortgages on time. In cases where there are rental units on the property, owners must execute and observe the terms of a rent control agreement that limits rent increases, and follow the Fair Housing Laws.

Q. Do I have to pay for anything?

A. There is no fee to apply. Some owners are required to contribute to the cost of repairs based on their income, place of residence, and whether their property contains rental units. This makes the program funds go farther so we can help more people. The owner's match can come from: cash, savings or investments, family or friends, or from personal loans. The owner's match, if any, is due when the owner signs their loan agreement.

Q. What happens if I can't provide my share?

A. Sometimes an owner cannot provide their full match. In that case there are options. The owner and program rep can reduce the amount of work to bring the repairs in under budget. The owner can delay the project until they have their share. Some local banks that are familiar with the Program will loan owners their match

Q. What work is eligible?

A. Only work that repairs violations of the Massachusetts Sanitary Code or that abate lead paint, asbestos or other “hazardous materials,” is eligible for loan assistance. Examples include: improperly wired outlets, broken water heaters, exposed asbestos materials, windows or doors that don’t work properly. Some types of work are not eligible for loan assistance. Generally items classified, as cosmetic work –such as painting or wallpapering, adding rooms or remodeling a kitchen – are ineligible. Loan funds cannot be used for appliances, repairs to non-residential structures, or landscaping.

Q. How long does it take to complete the project?

A. Many factors determine the time it takes to complete a project. Owners must provide their applications, supporting documents and matching funds on time. Tenants must respond to requests for information. Agencies and employers must verify residents’ income claims. Contractors have to schedule the work. If the property has historic features or is listed on the National Register of Historic Places, the historic commission may have to review the proposed repairs.

Q. May I work on my own property?

A. The Program does not allow property owners, their family, or business associates to work on the their property as part of the project.

Q. How do I find a contractor?

A. The Program sets standards for contractors who work on projects. Contractors must be properly licensed, insured and be experienced in the work. The Program helps owners solicit contractors. The loan is based on the lowest responsible bid. Owners can choose a more costly qualified bidder if they make up the difference in cost. All projects are private relationships between owners and contractors.

Q. What happens if I’m not satisfied with the work?

A. While work is going on, owners are responsible to observe the contractor and report any improper work. Staff members also visit the site to inspect the work. Both the owner and staff must approve the work before releasing payment to contractors. When the work is completed, contractors provide property owners with a one-year guarantee of workmanship that takes effect at project completion. During the guarantee period, contractors are obliged to repair any defective work.

Q. What if I need immediate help?

A. Ordinarily, cases are handled on a first come, first served basis. The Program defines an emergency as the failure of a mechanical system or structural component that makes the property unfit for habitation as determined by a public inspector. The Program can provide expedited response for emergency repairs.

Q. May I select the work I want done?

A. Sanitary code violations found during property inspection must be corrected as part of the project. You may request the contractor do extra work while they are on site, but this is purely a private matter between you and the contractor. Program staff services are not available to supervise the extra work or manage payments. Extra work is not covered by the Program loan or the contractor guarantee.

Q. What happens if I sell my property before the loan matures?

A. When the owner sells or transfers title of the property before the loan matures the full amount of the loan is to be paid back to the program. Once the loan matures and is forgiven the owners have no obligation to the program. If you are a resident owner, and your children assume your loan responsibilities in full and do not change the ownership, then the loan does not have to be repaid. In effect, they take your place. However, if they fail to perform any of the obligations of your loan, then the loan must be repaid. They also have to sign certain documents to authorize non-payment of the loan.

The above questions and answers are not meant to be rules and regulations of the Housing program, but to serve as a guide. The Housing Program Manual is available upon request and serves as rules for the program. Housing program staff will render decisions on disputed matters. The housing program is overseen by a Steering Committee, which retains final judgment on all matters.